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and Europe; industrial organization, including corporation management and finance; public control of trade and industry, transportation, public and private finance, money, banking and credit operations, administrative law, and commercial law.

The Universities of Chicago, Harvard, Illinois, Iowa, Nebraska, Western Reserve, and Wisconsin, Dartmouth College and Oberlin, the Massachusetts Institute of Technology, the State College of Utah, the Central High School of Philadelphia, Central High School of Detroit, Drexel Institute of Philadelphia, among other institutions, were represented at the conference. The Proceedings of the conference will be published by the Michigan Political Science Association.

ISAAC A. LOOS.

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REPORT OF THE SELECT COMMITTEE OF THE HOUSE OF COMMONS ON STEAMSHIP SUBSIDIES.

THE advance of American and German shipping, the formation of the Atlantic Shipping Combination, the growth of subsidy systems in foreign countries; and the decline of English trade in some parts of the world have stimulated Parliament to undertake an investigation of the subsidy question. In consequence, on Tuesday, April 23, 1901, Mr. Evelyn Cecil offered in the House of Commons a motion proposing—

That a select committee be appointed to inquire into the system of Subsidies to Steamship Companies under Foreign Governments, and the effect thereby produced on British trade; and to consider and report upon the political and commercial advantages to be gained by encouraging British steamers to circumnavigate Africa, especially having regard to the East Coast, and to report upon the best means of giving them encouragement.

The motion was amended to omit all the words after "trade," so that the question finally read:

That a Select Committee be appointed to inquire into the system of subsidies to Steamship Companies under Foreign Governments, and the effect thereby produced on British trade.

After a delay of three weeks the committee was appointed, and on May 16, 1901, held its first meeting. Upon the adjournment of Parliament the committee had held eighteen meetings and submitted a report to the House to the effect that "the committee are of the opinion that at this late period of the session it will not be in their power to conclude their investigation. They have therefore agreed to report the evidence

already taken to the House, and to recommend that a committee upon the same subject be reappointed early in the next session of Parliament."

When Parliament met in May, 1902, the resumption of the investigation was taken up, and after a delay of a month it was voted to appoint a select committee to inquire into the subsidies to steamship companies and sailing vessels under foreign governments, and the effect thereby produced on British trade. It was ordered, as expected, that the evidence taken before the committee of the last session be referred to the select committee. Power was granted to send for persons, papers, and records. The select committee resumed its meetings on June 3, and continued them through that month and the one following. During the existence of the committee thirty-two sittings were held for taking evidence and forty-one witnesses examined.

The list of witnesses is a formidable one, including owners and directors of steamship companies, members of boards of trade, British consuls, and government officers. Among the shipowners and directors of steamship companies were Sir Thomas Sutherland, of the P. and O. Co.; Mr. Norman Hill, secretary of the Liverpool Shipowners' Association; Mr. William J. W. Nicol, eastern representative of a large shipping company; Colonel James Godfrey, chairman of the Liverpool Shipowners' Association; Mr. Charles H. Wilson, a director of the Wilson Lines; Mr. Charles Rennick, representative of the owners of cargo steamers; Mr. R. W. Leyland, of the Leyland Co. of Liverpool; and Hon. William J. Pirrie, a partner in the firm of Harland & Wolff, shipbuilders. The government was represented by Sir William Ward, H. B. M. consul-general at Hamburg; Sir Alfred Bateman, head of the statistical department of the board of trade; and by consuls and members of the Foreign Office. On the part of the merchants and traders were many representatives of chambers of commerce and business houses. The students were represented in the persons of Sir John Colomb, author of *Protection of Commerce*, and Sir John Giffen, now retired from active service as a member of the board of trade.

The report is printed in two large folio volumes containing six hundred and fifty pages. In these volumes is a vast amount of evidence on every phase of international commerce. The appendices contain numerous tables relating to subsidies, wages, ship tonnage, and commerce of the various nations, and also documents indicating the character of the legislation adopted in different lands. The method of procedure in taking evidence was the usual one of calling witnesses

and examining them verbally by questions partially prepared beforehand and by those asked at the moment. The evidence includes occasional statements made by experts at the request of the committee. Most of such material is found in the tables and included in the appendices. The final report was presented to the whole committee, in rough draft, by the chairman of the committee, debated, and pounded into its present form by the criticism, comment, and suggestions of the members.

In true British style, the report opens with an explanation of the term "subsidies." In the words of the committee :

Bounty, subsidy, subvention, are all words denoting pecuniary aid. These terms are substantially interchangeable, but bounty is sometimes more expressly used for a payment made to encourage some branch of industry, trade, or agriculture, and is looked upon by many with greater suspicion because the word also bears a meaning of generosity and liberality. Subsidy may have the same meaning, but it is sometimes employed to describe a payment made for value alleged to be fully received, as in a postal subsidy. Subvention has really the same meaning as subsidy, but it is apparently thought to be more euphemistic and to create less prejudice, and the payments made by the Admiralty to secure the right to obtain mercantile ships for use in time of war are often characterized as Admiralty subventions. But, in point of fact, bounties, subsidies, or subventions are all terms used for payments made for some kind of value received, irrespective of the policy which may be involved ; in one case the carriage of mails or provision of cable communication, in another the maintenance of national defense, or it may be the encouragement of a trade ; and it sometimes occurs that where a given sum is granted as a subsidy it is very difficult indeed to analyze it into component parts, and lay down that so much of it is paid as a postal subsidy, so much for Admiralty purposes, or so much for the encouragement of trade. Ostensibly, only foreign subsidies usually aim at all these requirements. British policy has usually hitherto been to subsidize ships for postal or Admiralty purposes only, and to exclude all consideration of trade interests ; but even in the British case rapid postal communication has mainly, and in fact necessarily, followed the lines of commercial traffic.

What may be termed the rate of the subsidy is, as intimated in the paragraph above, not always easy to ascertain. The rate paid per mile varies in different countries. The mileage ratio is surely—when selected as a test—not a fair measure, for the conditions of speed and regularity must be taken into consideration. Sometimes, as in the case of Russia, the Suez canal dues are included in the subsidy. Consequently the committee was confronted by a variety of systems, regulations, and aids which compelled analysis and reduction to systematic statement.

As a result of the examination of the practices followed by many nations in dealing with their merchant marine, the conditions on which foreign subsidies were granted were found to be: (1) speed and Admiralty requirements; (2) control by government, and sale or hire of vessels into foreign control; (3) nationality of crew; (4) rates of freight; and (5) privileges of transport to officers.

These we may examine in the order given in the paragraph above.

1. *Speed and Admiralty requirements.*—Taking for granted the existence and continuance of the postal subsidies, the committee recommended that every subsidy granted should contain a speed clause and in some cases assure a high speed. In the words of the committee,

the more so because not only are there very great advantages in rapid communication, and especially rapid communication between different parts of the Empire, but also because fast mercantile vessels are valuable as carriers of our food supply in time of war.¹

The committee refused, however, to say how far the speed requirement should be carried, for a serious question arises as to what expense may be justifiably incurred for speed only. In every country possessing a merchant marine some regulation exists for the purpose of securing the services of merchantmen in time of war. On this point the committee declared that the principle of subsidies by or for the Admiralty is only justified for obtaining a limited number of vessels of the highest speed and great coal endurance among the mercantile marine, built according to Admiralty requirements for purposes of national defense. Even to this declaration some doubt was expressed as to the cost, in the end, to the government, the more economical method perhaps being to build naval ships.

2. *Control of subsidized vessels by the government.*—Even when a subsidy is granted there is often no guarantee that vessels will not be sold before they are actually wanted. The very suggestion raises the question as to how far a government can make it an effectual condition of a subsidy that the subsidized vessels shall not be sold or leased into foreign control—a point rendered particularly important by the transactions carried on by the American Steamship Syndicate. To this the committee replies:

We do not think that an Admiralty subsidy to a mercantile vessel is of any use merely as a retaining fee in time of war, and are of the opinion that no subsidy should be paid on that ground; the possibility of commandeering and

¹ *Report*, Vol. II, p. x.

subsequent payment of fair value is well known, and, indeed, there is reason to suppose that on an emergency vessels required by the Government would be freely offered without any retaining fee; but in time of peace an Admiralty subsidy to specific vessels is, in legal phraseology, good consideration for the right by the Government to prevent their sale or hire into foreign control.¹

How to prevent the sale or hire of a vessel after subsidies have been paid for a series of years is an important matter met by suggesting that "the whole or partial sale or hire of a ship cannot take place without the permission of the Government."²

3. *Nationality of crews.*—The committee is in accord with the usual device of requiring subsidized lines to carry officers and a certain proportion of the crews of the same nationality as that of the subsidizing government. To such requirements the witnesses before the committee stated that British seamen of the class they desire are no longer always procurable, and that, owing to the higher rate of wages paid to British seamen, the cost of running a ship with foreign seamen of equal efficiency is usually less. The deficiency of the supply of good English seamen is attributed to better employment on shore and a demand for seamen to man fifteen million tons from a population of forty millions. The committee was not in favor of extravagant systems of securing and training apprentices other than the training ships.

4. *Freight rates.*—Much testimony was given before the committee on the subject of ocean freight rates and steamship conferences. It was found that some of the foreign governments—notably Germany, Austria, and Norway—in granting subsidies make it a condition that they must have the power of supervising the freight rates. On this point the committee asks:

If foreign governments have the right to control the rates of freight on their own subsidized vessels to suit their own trades, while the British Government has no such right, it is open to question whether in this way the conditions of foreign subsidies may not react very injuriously to British trade. While the Committee do not question the right of steamship lines to form conferences, yet the Committee looked askance at the rebate system which virtually prevented shipments by any independent vessel outside of the ring.

The effect of this rule had materially affected the business of the cargo steamers, and at the same time pushed up the freight rates very materially. It was found that the rates from English ports to Australia

¹ *Report*, Vol. II, p. xi.

² *Ibid.*

and China were in many instances higher than those offered by foreign companies.

5. *Transportation privileges to officers.*—This was made in nearly every foreign-subsidy contract a part of the agreement. The reduction in fare amounts from 15 to 20 per cent., and the British officer takes advantage of the rate over the foreign lines. Many years ago the P. and O. extended the same privilege to English officials, but in order to get the lowest possible rate, the post-office authorities cut out the official privileges.

Despite the foreign subsidies and rapid growth of the commerce of other nations, the board of trade states with the greatest confidence that British shipping maintains a flourishing position, and creditably holds its own in most places as compared with foreign shipping, though it is unquestionably true that foreign tonnage increases in proportion more rapidly because it starts at a lower figure. Thus, although the English proportion has sunk and the German share increased, it is still to be noticed that the English tonnage has increased 5,400,000 tons in the last twelve years, while the German tonnage has increased 1,700,000 tons in the same time. In considering the rapid development of the foreign carrying trade the committee had the following to say :

British shipping creditably holds its own, notwithstanding that foreign shipping increases in proportion more rapidly because it starts from a lower figure ; yet they desire to add as a note of warning or comment : We have been foremost at sea with the finest mercantile marine in the world ; we are now meeting with severer competition than we have ever experienced ; and our efforts must therefore be proportionately greater if we are to maintain our supremacy. A concrete illustration of what we may have to face is stated by Sir Alexander Swettenham : “The Singapore region,” he says, “has been developed very largely in the last twenty years, and there has been an enormous increase of trade all around.” But in looking at the statistics he thinks it will be found “that we were the very first in the field, and we have had all our agencies established, and we had a very large amount of shipping in our possession ; and, other things being equal, certainly we ought to have developed at the same rate as others, if not faster ; because being on the spot, and having everything going like clock-work, it would have been easier for us to have increased our trade than for others not on the spot. What we find is that the foreigners, or certain foreigners” (he will not say all of them), “notably the Germans, have increased their trade much more rapidly and very much more efficiently than we have.” Singapore and the Straits Settlements are one of the most important colonies, and Imperial communication and trade with them are correspondingly important. Sir Alexander goes on to point out that these nations “who have this large increase of trade have also

at the same time been receiving large accession of subsidy," and "they have got a much greater share than we have got of the increase" of trade. If this increase is not largely due to the accession of subsidy, he says it can only be accounted for by attributing "general stupidity to the English and general cleverness to the Germans."¹

With a view to particularizing in what respect foreign subsidies affect British trade, three questions are considered. These we may take up in order, preserving thereby something of the form of the report :

1. How far have orders been placed by English colonial or other merchants with foreign manufactories because of cheaper freight rates or greater regularity of steamship service due in the main to subsidies? This is the first of the questions proposed and answered in the report as to the direct effect of foreign subsidies on English trade. Numerous witnesses engaged in the government consular service, and commerce and trade, were questioned upon this, the kernel of the discussion. Although many instances of low freight prevailing in other countries were brought out, still the conclusion of the Glasgow Chamber of Commerce, which is accepted by the committee as its view; that

"there is no doubt that the bounties and subsidies paid by foreign governments have enabled lines of steamers to be established that otherwise would not exist, and (especially where subsidies are given according to mileage run) have enabled greater frequency of service and cheaper rates of freight to be given, and in consequence orders which otherwise would come to this country have been placed abroad"—

is hardly explanatory of the differences in freight rates made to foreign shippers by English lines. Sir Alfred Hickman, in replying to the question, "Do you think these rings have done more harm to British trade than foreign subsidies?" replied: "Undoubtedly, very much more; there is no question about that."¹

2. The second inquiry into the injuries resulting from foreign subsidies related to the transfer of ordinary merchant vessels into foreign ownership. In discussing this point the committee enumerates in its reports the various transfers of lines and ships that have taken place in recent years. Among these are found the sale of the East India Steamship Company, with a gross tonnage of 13,559, to a German firm; the Scottish Oriental Line was sold in 1900 to the North German Lloyd Steamship Co.; the British Atlas Line, to the Hamburg-

¹ *Report*, Vol. II, pp. xvi, xvii; also Vol. I, Questions 2227-31.

² *Report*, Vol. II, Question 2259.

American Line; the Holt Line, to the North German Lloyd; the Leyland Line, to the new American Syndicate; and the Atlantic Transport Line, to the same concern. The inducements to make these sales are referred to "as various or mixed." They may, however, be enumerated as (1) the benefits of foreign subsidies, (2) to secure peculiar trade advantages, (3) to avoid board of trade regulations, and finally (4) because of exceptional prices. This transfer of British ships to foreign flags is, in the minds of the committee, likely to result injuriously to English interests: first, because "the purchasers backed by their Governments can develop new trades in which the British ship-owner without such assistance cannot engage;" and, secondly, because the officers and crews of the purchased vessels will be replaced by men of the same nationality as the purchasers of the ships. This ought not to alarm the commission, for we have been told that it is now difficult to man English ships with British sailors.

3. This point relates to the diversion of trade to foreign sailing ships, for a number of nations, especially France, have attempted to increase the tonnage of sailing vessels by discriminating bounties paid to national builders. The English come in competition with these vessels in the carrying trade, and often find them getting cargoes at much lower rates than those charged by the British owners. The French owners of sailing vessels make every effort to keep their ships moving in order to earn the heavy mileage bounty, sometimes even paying the chartering parties to hurry the loading of the vessels. In the evidence given before the committee an instance was cited in which a French sailing vessel on a voyage of eleven months and twenty-two days earned only £300 toward paying depreciation, interest, and other charges, and nevertheless paid a dividend of 22 per cent.¹ In an average instance of a French sailing voyage the committee comes to the conclusion that the French government pays £3,600 in order that the ship may earn £5,500, and that it is not expedient for any government to buy the power of earning freight at such a rate as that. The committee likewise felt that, no matter what the result, the government ought not to imitate a foreign scheme of which the cost is prohibitive.

Restricted by the nature of the inquiry the report enters but briefly into a list of causes called "contributory" that are in the judgment of the committee affecting the English shipping trade.

They comprise among other things the Board of Trade Regulations, the

¹ *Report*, Vol. I, Questions 2856, 2857.

imposition of lighthouse dues, the reservation by foreign nations of their coasting trade, and the failure of British manufacturers to pay adequate attention to the character and pattern of goods required oversea.¹

1. The board of trade requires that every English vessel shall be marked by a load line. This rule cannot apply to foreign vessels, and consequently the English ship carries out of a port a smaller cargo than the more heavily loaded foreign vessel. To avoid this difficulty it is suggested that all foreign vessels entering English harbors shall be subjected to the same regulations as British ships. The board of trade makes the objection that widespread enforcement of their regulation would lead to much friction and disagreement that would reduce English trade more than the regulation would stimulate it. The representatives of the board were willing to use the report of the committee as an opportunity to open the whole matter of the merchant-shipping legislation.

2. Indirectly the imposition of light dues affects British trade by forcing upon the shipping the payment of fees that amount to many thousand pounds sterling in the course of a year. The board of trade receives from such sources £500,000 per annum, a goodly portion being paid by English ships. By the existence of these fees English vessels in foreign ports are subjected to harbor charges. Thus the United States pursues a policy of requital, remitting the charges upon vessels from ports in which no equivalent dues are imposed upon American vessels, but charging British ships six cents per ton. The dues annually collected from United States vessels in British ports do not amount to more than £5,000, while British vessels pay in United States ports about £75,000. The difference falls on the English ship-owners. As a result of this presentation, the committee recommends the abolishing of all port dues, defraying the cost at national expense.

3. Perhaps the most serious of the contributory groups of causes is the reservation by foreign nations of their coasting trade. It is in effect an indirect subsidy and likely to affect British interest by shutting out their carriers from a profitable trade. Some of the witnesses before the committee emphatically declared for the restriction of the "imperial" coasting trade to the owners of vessels flying the English flag, guaranteeing in turn concessions to nations that give British vessels coasting-trade privileges. But as the English coasting trade in all parts of the world is already carried in her own vessels, it is a question, open to much doubt, whether there would be anything to gain by such

¹ *Report*, Vol. II, p. xx.

restrictions. Sir Robert Giffen suggested that foreign subsidized ships should be altogether excluded from the coasting trade of the British empire, or

that such ships should only be admitted to the English, Australian, and India trade on the condition of their complying with the same rules of construction, equipment, and inspection as the English ships, and paying a fine for the privilege of coasting equal to and exceeding any subsidy they received.¹

The view of Sir Robert Giffen was generally accepted by the committee, for it was declared

that what Great Britain has to face is really an attack on a vital industry of the country in time of peace, carried on directly or indirectly, not by ordinary competition, but by foreign governments, though not always proved to be to their advantage.

Nevertheless, the committee, in the face of the lack of success of these attacks, says that

the occasion has come when the question of the unqualified reservation of British coasting trade should be considered by His Majesty's Government with a view to reserving the British and colonial coastwise trades and the imperial "coasting" trade within the British Empire to British and colonial ships, and to vessels of the nations who throw open their coasting trade to British and colonial ships.

4. The last cause noted as contributory relates to the character, kind, and quality of goods, their packing and delivery in foreign markets. This is the old complaint that applies the world over to those who wish to sell what they make, not make what people want to buy. England probably is affected in some degree by such indifference, but her large foreign trade is evidence that the goods she produces are fairly satisfactory.

The committee closes its report by a summary that is reproduced at this point in full. It is as follows:

1. That the granting of shipping subsidies at considerable pecuniary cost by foreign Governments has favored the development of commerce against British shipowners and trade upon the principal routes of ocean communication, and assisted in the transfer from British to continental ports of some branches of foreign and colonial trade; but that, notwithstanding the fostering effect of subsidies upon foreign competition, British steam shipping and trade have in the main held their own, and under fair conditions British shipowners are able to maintain the maritime congress of the country.

¹ *Report*, Vol. II, p. xxii.

2. That subsidies are minor factors, and commercial skill and industry the major factors of the recent development of the shipping trade of certain foreign countries, and notably of Germany, where, for example, the granting of through bills of lading via the state railways has had an important effect. In some other countries, subsidies have led to no satisfactory results.
3. That the subsidies given by foreign Governments to selected lines or owners tend to restrict free competition, and so to facilitate the establishment of federations and shipping rings, and therefore that no subsidies should be granted without Government control over maximum rates of freight and over this combination of subsidized and unsubsidized owners to restrict competition.
4. That the competition of British shipowners with their commercial rivals upon fair conditions, without Government interference by way of subsidies, or by way of control of freight, is more healthy, and likely to be more beneficial to the nation and the Empire, than a State subsidized and State controlled system under which the shipowner would have to depend less upon his individual energy and skill, and more upon the favor and support of the Government.
5. That a general system of subsidies other than for services rendered is costly and inexpedient.
6. That rare cases occur where in view of special imperial considerations subsidies are necessary for establishing fast direct British communication, and that at the present moment such a subsidy should be favorably considered for a line to east Africa, where there is no direct British steamship service, and where British trade is handicapped by foreign subsidized steamship lines.
7. That in all cases of subsidies it is desirable, so far as possible, to observe the following principles :
 - (1) That every endeavor should be made to maintain the pre-eminence of the British lines, and that it is desirable to secure unification of control by placing the final negotiations in the hands of a small permanent Committee constituted as recommended.
 - (2) That a condition of adequate speed should form part of every subsidy, to ensure rapid communication with the empire, or to secure fast carriers of food supplies in time of war, or to meet admiralty requirements.
 - (3) That no British subsidy should be granted, except on condition that the whole or partial sale or hire of any ship in receipt of the subsidy cannot take place without permission of the Government.
It is desirable that the majority of the board of directors of subsidized companies should be British subjects.
 - (4) That on subsidized vessels the captain, officers, and a proportion of the crew should be British subjects.

8. That with a view to the fair competition of British shipowners with their foreign rivals
 - (1) Board of Trade regulations should be enforced against every foreign ship equally with British ships.
 - (2) Light dues should be abolished.
 - (3) Means should be taken to obtain the removal of foreign laws and regulations which exclude British shipowners from the trades appropriated by the various foreign Powers to their own shipping as "coasting trade," and that if need be, regulations for admission of foreign vessels to the British and Colonial trade of this Empire should be used with the object of securing reciprocal advantages for British shipowners abroad.

The report may be fairly criticised on two points—one of omission, the other of commission. In the first instance, the committee did not call before it any of the representatives of the great transatlantic companies engaged in the carrying trade between America and Europe, nor was the great international shipping trust considered in any particular degree as to its influence upon British trade. The evidence was of a mere hearsay character, and hardly did justice, in the few questions asked and answered, to the importance of the movement. An example of the questions asked relating to the "combine" will bring the attitude clearly before the reader. A witness had been questioned as to the purpose of the Atlantic Shipping Combine, and his reply was followed by the query: "So that it looks as if it were worth their while to clear British shipping out of the way, does it not?" "Exactly," was the reply.¹ In fact, the questions were largely leading questions tending to confirm the questioner in his view, rather than getting at the knowledge of the witness on the specific point.

The committee appeared to be more solicitous concerning the welfare of England during war than her progress during peace. Again and again the witnesses were asked if they felt the combine would take England's auxiliary cruisers away from her through the American control of the combine; almost no questions were asked in reference to the effect of the new organization on trade and commerce. All doubts as to England's ability to retain her vessels should have been set at rest by Mr. Morgan's offer to make a contract with the Admiralty to furnish auxiliary cruisers for a period of fifty years.

The committee likewise sadly underestimated the importance of the new steel sailing vessel as a factor in the carrying trade. In the last few years sailing vessels of steel construction have been built of

¹ *Report*, Vol. II, Question 636.

over 5,000 tons and able to carry 4,900 tons of freight. The crews are small and the cost of operation very little, making these vessels formidable competitors with the tramp steamer. The question of shipping conferences was referred to repeatedly in the questions and final report of the committee, but the evidence did not get at the fundamental basis of these conferences. This is evidenced in the statement of the summary in which the committee says that

the subsidies given by foreign governments to selected lines or owners tend to restrict free competition, and so to facilitate the establishment of federations and shipping rings, and therefore that no subsidy should be granted without Government control over maximum rates of freight and over this combination of subsidized and unsubsidized owners to restrict competition.

It may be stated that the English lines are the worst offenders in forming rings, although the language of the committee seems to bear an opposite impression. It may also be questioned whether subsidies are productive of lower rates, as is intimated by the evidence. In fact, the discussion of the important matter of rings and conferences may be regarded as unsatisfactory. To these criticisms it may be urged that the work of the committee was restricted by the resolution of Parliament, while time prevented anything like an adequate examination of many questions leading out of the inquiry.

In the second place, the committee was undoubtedly biased by imperialist considerations.

A pervading idea which has run through much of the evidence is the importance of the "Imperial" communications. The first reason for a subsidy is a political one. The Admiralty recommends that no subsidies or grants should be given for the future by any department without previous consultation with the other department concerned, to see whether they meet imperial requirements, and that every endeavor should be made when granting subsidies to maintain the pre-eminence of British lines. . . . One of the grounds on which the West India Royal Commission recommended the subsidy granted in January, 1901, for ten years to the Elder-Demster line to Jamaica was to improve Imperial communications, as well as to pioneer or encourage a trade. . . . Every business requires initial outlay, and Imperial enterprises are no exception.¹

Other questions represent the attitude of the committee in reference to subsidies for imperialist purposes, as in the following :

It may here be added that if steamship companies fully comply with some of the conditions of granting subsidies advocated in this report, it may cause increased expenditure, and subsidies should be of sufficient amount

¹*Report*, Vol. II, p. xxiii.

to cover any additional cost. Payment in such cases would be for value received.¹

The report may be regarded as an unusual presentation of shipping legislation in other countries and as a review, rather than an analysis, of opinions held by the various witnesses. In the report it was clearly brought out that the independent shipowners, steamship and sail, are opposed to subsidies as an aid to British shipping. It was, however, not so clearly manifested that the regular lines would not like aid from the government, although the majority of the witnesses regarded subsidies in such cases, except for postal purposes or imperial communication, as unwise. As already pointed out the committee failed to find any information worth the while on the following points: (1) the American Shipping Combine; (2) the shipping conferences or rings; (3) the relation of English and American railroads to the merchant marine. Any consideration of subsidies without data on these subjects cannot be regarded as exhaustive or fundamental for legislative purposes.

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¹ *Ibid.*, p. xxv.